THE FARM INDEX

October 1968

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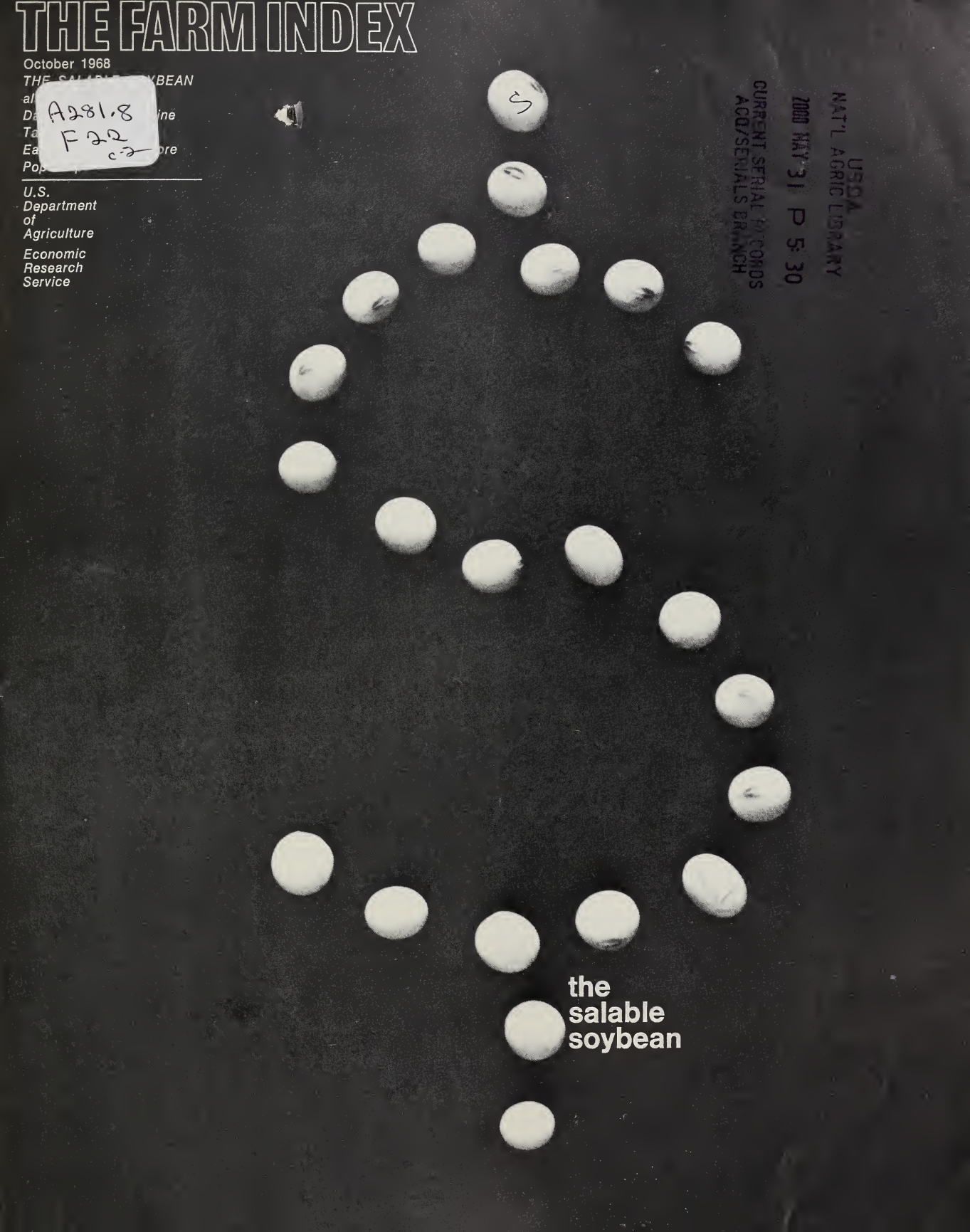
U.S. Department of Agriculture
Economic Research Service



THE AGRICULTURAL OUTLOOK

Despite large stocks and record crop prospects, August farm prices averaged up 3 percent from a year earlier and are likely to stay higher the rest of the year.

Production index is record high though acreage planted is down 2 percent. Sharp yield gains raised the September 1 "all crop" production index 4 percent over last year's record. The composite index of yield per acre for 28 leading crops was up 5 percent, also a record.

Good growing weather raised September 1 corn production prospects to 4.6 billion bushels. This is 2 percent over August 1, 20 percent above average, but 2 percent under a year earlier.

Corn consumption is high but not likely to reduce carryover from last year. Total use of corn this season now is expected to top 4.3 billion bushels, around 5 percent over last year. But if the 1967/68 crop meets expectations, the end of the marketing year carryover will probably be even larger than in 1967.

Sorghum grain, oats pull total feed grain prospects up slightly. Mainly because of these two crops, the 1967/68 feed grain crop estimate at a record 177 million tons tops last year's figure.

Total cotton use is likely to exceed this year's output. Result: A further decline in cotton stocks—possibly to 5 million bales by August 1, 1969, compared with 6.5 million bales this year.

There's new legislation for extra-long-staple cotton. The new program reduces price support levels, provides direct payments to producers. Thus, growers' incomes will be protected while the market price for extra-long-staple cotton becomes more competitive.

Expect 211 million hundredweights of potatoes in the fall production pot. This is 9 percent less than last year but 4 percent above average. With Eastern potato stock prospects the smallest in 10 years, prices in the East and all over the country, are expected to run well above a year earlier.

First half production of broiler meat dropped 1 percent under a year earlier. U.S. consumers showed a strong demand for food, particularly meat, and broiler prices benefited along with beef prices. Wholesale prices for ready-to-cook broilers in 9 cities averaged 27.4 cents per pound—1.6 cents over first half 1967. July-August prices averaged 2 cents over a year earlier.

Live turkey prices have picked up strength. Record large cold storage holdings depressed them first half of the year. But a crop 16 percent smaller than last year, strong USDA purchases, and continued marketings have upped prices to producers. A further price rise is expected this fall through Thanksgiving and Christmas.

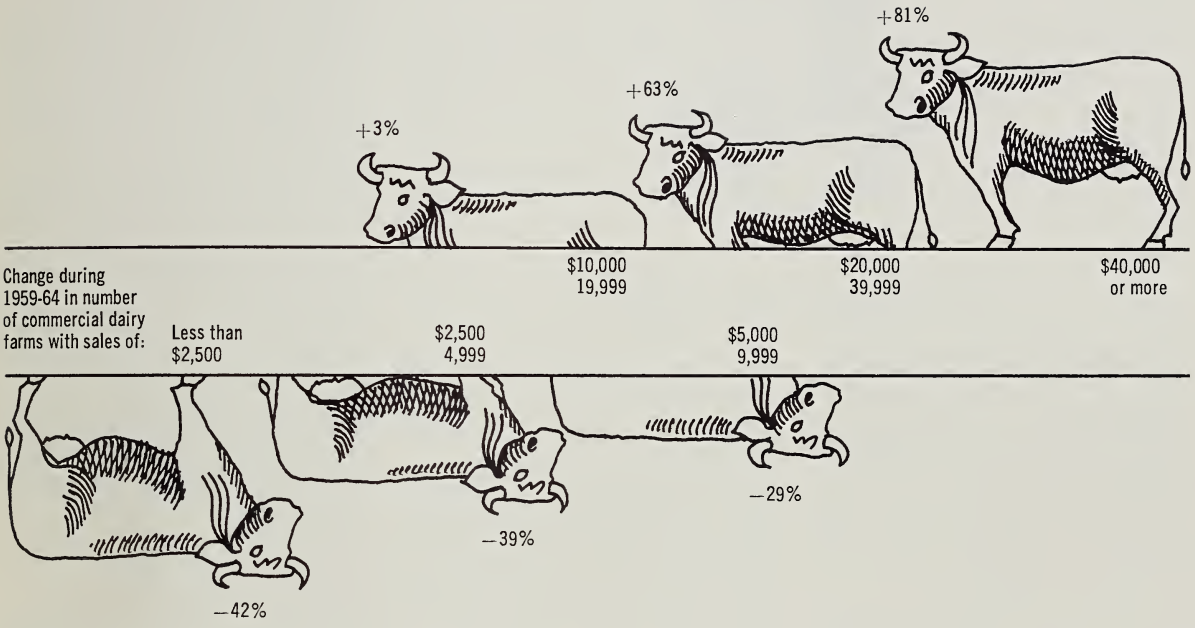
Very large tomato and sweet corn crops are expected to shoot output of processing vegetables to a new record. The 1968 processing vegetable crop is likely to be about 20 percent larger than last year.

Individual cows may give more milk and raise fourth quarter 1968 production totals. But total 1968 milk production still is likely to be down. Production per cow averaged 783 pounds in July, up 2.5 percent from the year before. But total milk output for 1968 will probably be 1 percent lower than last year's 119.3 billion pounds. Farmer's milk prices are expected to go up some 5 or 6 percent over a year earlier, according to late estimate.

* * *

National CO-OP Month festivities are in full sway all over the U.S.A. Special Cooperative Crafts Exhibition, October 3 through 27, at the Smithsonian Institution, Washington, D. C., features hundreds of handcrafted items from all over the United States and some from other countries, too.

Dairying's Dividing Line



More farms with $20,000-plus in sales, but fewer farms in total. That's the trend in dairying today, and it will probably be the same tomorrow.

An invisible line in dairying divides the industry's expanding and contracting sectors.

This line, as closely as it can be pinpointed, is the $20,000 gross sales mark.

On the $20,000-plus side of the line were 68,600 commercial dairy farms in 1964—27,500 more than in 1959.

On the minus side of $20,000 lay 298,300 farms—88,800 less than in 1959. The greater part of the farms missing from this sector *had* gone out of commercial dairying. But there were many which vanished—simply to reappear as larger farms on the other side of dairying's dividing line.

Here, in a little more detail, are some facts which emerged about commercial dairy farms from the 1964 agricultural census.

Farms with less than $2,500 in gross farm sales. This group of farms is not simply shrinking in number. It's virtually disappearing.

The 17,700 such farms that were in operation in 1964 represented fewer than 5 percent of all commercial dairy operations and sold only 0.5 percent of all the milk and cream.

With herd sizes averaging seven milk cows and sales of dairy products worth only $1,000 per farm, these operations were existing on borrowed time—until they either got out or grew up in size.

Farms with $2,500 to $5,000 in sales. Though commercial farms in this group made up roughly 16 percent of the U.S. total, they accounted for only about 4 percent of milk and cream marketings in 1964. Their numbers, too,

were dropping fast.

Typically, herds numbered 13 milk cows and the value of dairy products marketed came to about $2,700 per farm.

Farms with $5,000 to $10,000 in sales. In this group were roughly 28 percent of America's commercial dairy farms. On the average, herds included 21 milk cows and dairy sales per farm were at about $5,400.

Though better off than their smaller counterparts, these farms were still losing ground in dairying. They accounted for only about 15 percent of total milk and cream marketings in 1964, compared with 25 percent in 1959. Their numbers shrank by nearly a third during the same period.

Farms with $10,000 to $20,000 in sales. This group of farms (which touched the borderline of the expanding sector of commercial dairying) increased by a scant 3 percent during 1959-64. In the longrun, however, the number of farms in this group will probably contract.

Roughly one-third of all commercial dairy farms and one-third of all milk and cream sales were represented by these $10,000 to $20,000-sales farms. Herd sizes averaged 31 milk cows and the value of dairy sales about $10,600 per farm.

Farms with $20,000 to $40,000 in sales. The ranks of such farms swelled by 63 percent between 1959 and 1964, placing this group securely in dairying's expanding sector.

Such farms represented about 14 percent of all commercial dairy operations in the United States and accounted for roughly 26 percent of total milk and cream sales.

Herd sizes typically ran to about 50 cows and sales of dairy products averaged $20,200 per farm.

Farms with $40,000 or more in sales. At this sales summit were some 15,500 commercial dairy farms—about 4 percent of the U.S. total. However, they accounted for nearly 22 percent of total milk and cream marketings in 1964.

With large herds—roughly 130 milk cows—and dairy product sales valued at $66,900 per farm, these farms were at the top of the heap in commercial dairying. Their numbers gained by 81 percent between 1959 and 1964.

What about the future? Commercial dairy farms with annual sales of $20,000 and over will continue to grow in number and will account for an increasing proportion of U.S. milk output.

On the other hand, there are likely to be somewhat fewer dairy farms with sales of $10,000 to $20,000, and sharply lower numbers of dairy farms with sales less than $10,000. Some farmers with these lower levels of sales will expand operations to increase income, but probably a larger proportion will leave dairying as they find better alternative opportunities.

The story of the men who run commercial dairy farms is also worth telling.

Census statistics indicated that the average commercial dairy farmer's age was about 48 years, compared with about 49 years for operators of all types of commercial farms. Operators with larger herds tended to be substantially younger than those with smaller herds. About 13 percent of commercial dairy farm operators were less than 35 years old in 1964.

About one-third of all commercial dairymen worked off the farm at some time during 1964. What they earned from off-farm sources (including government program payments) represented about a tenth of their gross income, on the average. However, off-farm earnings contributed almost half of the total gross income of operators on the smallest commercial dairy farms.

Ownership patterns varied markedly by the scale of the dairy operation. Full owners predominated in commercial dairying, viewed as a whole. Part owners, however, ran most of the farms in the dairy industry's expanding sector. *(1)*

Whrrr . . .

It's bigger machinery, not stronger muscles, that is bringing in the sheaves these days.

For example, sales of large self-propelled combines (priced at $11,000 or more) rose during January-May of 1968 to a volume two-thirds higher than that in the same period of 1967. But sales of lower priced machinery declined, according to the Farm and Industrial Equipment Institute.

With the shift to bigger but fewer items, the value of all farm machinery shipments (except tractors) averaged 5½ percent lower during January-May 1968 than a year earlier.

Value of wheel tractor shipments through May was only 3 percent below a year earlier. Higher tractor prices and larger horsepower units helped offset a 13-percent smaller volume of shipments. *(19)*

Uprise

The way farm real estate values have been moving in the past decade is UP.

Nationally, the index of average value of farm real estate per acre rose 70 percent from the 1957-59 base period to March 1, 1968.

The value of farmland and buildings averaged $178 per acre on March 1 this year—6 percent above the value a year earlier.

Convert the 10-year rise in real estate values to an annual compound rate—comparable to the interest rate on a savings account—and it comes out to 5.5 percent a year.

Regionally, rate of increase ranged from 4.1 percent per year in the Lake States to 7.9 percent in the Delta. Farmland value in five of the southern States more than doubled in the 10-year period. *(20)*

Eggs, Long in Price Depression, Show Healthy Second Half Gains

For the first time in a long time, farmers' egg prices are showing improvement.

The U.S. farm price of eggs averaged 34.1 cents a dozen in August. This was 4.2 cents over a year earlier.

And by early September, Chicago wholesale prices reached a peak of 55.0 cents a dozen for 80 percent Grade A Large eggs.

This trend is expected to continue through the rest of the year, with farm egg prices 4 to 8 cents over those in the last half of 1967. But only slightly above 2 years ago.

The rise should help offset severely depressed first half prices which averaged 29.6 cents a dozen (2 cents below first half 1967 and 4 cents off the 5-year average.) Egg production dropped and prices improved sharply, jumping from 27.0 cents a dozen to the 34.1 cent August price. Some price strength resulted from USDA purchase programs for scrambled egg mix.

First half production was 1 percent over 1967's high first half—the largest first half since 1944. But by the end of 1968 production may drop to a level as low as 5 percent below fourth quarter 1967. *(21)*

Last Year's Small Cotton Crop Brought Farmers a Higher Price

The planting season was the worst on record in many areas of the Nation.

Harvested acreage was the smallest in 98 years—as farmers abandoned 1.4 million acres, or about 15 percent of the crop, after planting. (This was almost double the high abandonment rate of 1966.)

And yields per harvested acre

Men and Milestones

GRAND OLD MAN OF HORTICULTURE

Already a renowned authority on garden plants, palm trees, and blackberry bushes, Liberty Hyde Bailey in 1920 founds the world's first botanical institution devoted to classifying and identifying cultivated plants. Later, the Bailey Hortorium, as it is called (complete with Bailey's library and over 125,000 plant specimens) becomes a division of the New York School of Agriculture of Cornell University.

* * *

As professor of horticulture and dean of the School of Agriculture at Cornell from 1903 to 1913, Bailey took the lead in developing agricultural studies in the United States.

He brought nature into the classroom and helped make nature study a part of the New York public school curriculum.

He worked tirelessly to close the gap between the specialist's knowledge and the farmer's practical experience.

And he had a strong belief that many U.S. agricultural problems were more economic and social than technical. He had an opportunity to promote his ideas for improving rural life when President Theodore Roosevelt appointed him chairman of the Country Life Commission in 1908.

Bailey was the author of 63 books in the fields of botany, horticulture, and agriculture, and editor of four encyclopedias in these fields. His monumental *Cyclopedia of American Horticulture* continues to be a standard reference work.

As a diversion he wrote poetry and books on religion and philosophy. And he helped assemble a rural "Who's Who" called "Rus."

Bailey served as president of many agricultural societies and by the time he died in 1954 at the age of 96, he had done much, both as a scientist and as a humanitarian, to help the farmer. *(2)*

were 33 pounds below those of 1966, 44 pounds less than the 1961-65 average.

Reduced production lowered U.S. cash receipts to $1.1 billion in 1967 compared with $1.6 billion in 1966. But the situation was more favorable in some areas.

In the Texas High Plains, net incomes (including government payments) were record large on both irrigated and nonirrigated cotton farms.

In the Mississippi Delta, operators of large-scale farms netted more money than in any year but 1963.

On cotton-general crop farms of medium size in the San Joaquin Valley of California, net farm incomes were the third highest in history.

The baneful weather turned out to be a shortrun boon for farmers in these major producing areas because the small cotton crop resulted in higher prices for the cotton lint produced.

Last fall, when it became apparent to cotton buyers that shortages of long staple cotton would occur, prices were bid up substantially. And as these fibers got more expensive, demand rose for the shorter staples. It wasn't long before short staple prices were upward bound, too.

On the whole, 1967 prices received by farmers for cotton lint were 3½ cents higher than in 1966 in the Texas High Plains (where shorter staples are grown) and around 8 cents higher in the Delta and San Joaquin Valley.

Government payments under the 1967 Upland Cotton Program also added substantially to farmers' incomes.

Except in the Far Western States, practically all farmers reduced their cotton acreages by the maximum 35 percent eligible to earn diversion payments in 1967.

Diversion payments in 1967 were 10.78 cents per pound of projected yield per acre, times the number of acres diverted, compared with 10.50 cents per pound in 1966.

In addition, the 1967 price-support payment was increased from 9.42 cents to 11.53 cents per pound of projected yield on a maximum of 65 percent of the farm's effective acreage allotment.

Cotton growers continued to substitute capital for labor in 1967—at an accelerating rate—because of rising prices for labor.

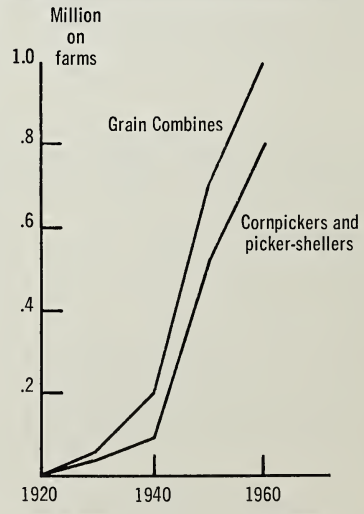
Legislation effective February 1, 1967, established a minimum wage of $1 an hour for covered workers. Therefore, in the Delta, for example, more use was made of six- and eight-row farm machinery for land preparation, planting, and cultivation. Also, the use of chemicals to control weeds rose sharply. *(3)*

GATHERING GRAINS: For most of mankind's history, the harvesting of grains has been done by hand. The sickle, earliest of man's harvest helpers, dates back to at least 3000 B.C.

It wasn't until the 1800's that ways of cutting grain mechanically came into widespread use. The early harvesting machines were pulled by horses or mules — and still required a lot of supplementary hand labor.

The early decades of this century marked the shift from horse to horsepower, and also the process of perfecting the machines introduced in the past.

Some of the milestones in the history of grain harvesting machinery are shown below. The years indicate the approximate dates when the various machines became available commercially. The first experimental models sometimes preceded these dates by decades. (4)

3000 B.C. to 1800 A.D.	1800 to 1900	1900 to date	Grain harvesting machines on farms
Sickle—3000 B.C. Scythe Cradle	Stationary thresher—early 1800's Portable thresher/winnower—1837 Reaper—1846 Self-rake reaper—1854 Wire binder—1863 Twine binder—1878 Combine—1880	Mounted cornpicker—1928 Cornpicker sheller—1930 Power takeoff combine—1935 Self-propelled combine—1938 Self-propelled cornpicker—1946 Portable batch drier—1949 Self-propelled windrower—1950 Corn head attachment for combine—1954	

Tarheel Tracings

A study of three North Carolina counties traces the people, agriculture, employment, and business activity to find their level of development and rate of future growth.

How long does it take a lagging rural area to catch up economically with the rest of the State?

It depends. How bad off is the area now? And how fast is it moving ahead—if at all? Are there local, viable resources—people, business? Or will the area have to have an economic stimulus from outside? How isolated is the area from urban centers?

Answers to these questions are indicators of an area's economic well-being and growth potential. Such an appraisal of resources and markets is the first step in development planning.

Three counties in southwestern North Carolina—Clay, Graham, and Cherokee—need development. And ERS economists have analyzed them to assist the Farmers Home Administration in planning a rural development program.

They used an economic indicator system to measure the rates of growth and level of economic activity.

By comparing these factors to the same ones in a control area—in this case the State—the economists could estimate whether the local area would catch up to the State's level of economic development in a reasonable time and, if not, estimate how much outside stimulation would be

needed to close the gap during a specified planning period.

(The methods of analysis and projection used in this local study can be applied in other rural areas as well.)

Here's a glance at some of the North Carolina findings:

People. In the 1950-60 decade, net outmigration from tricounty area totaled over 7,600. The total of births and deaths could have raised the population 16 percent in that time, but outmigration pulled it down 6 percent.

Unless there are new job opportunities, the area may lose another 6,000 people by 1980. This would be an annual rate of loss of more than 1 percent.

At the same time, the State population will probably continue to grow at a rate of about 1.1 percent annually.

Employment. Most of the people who left the area were between 20 and 40 years old. There weren't enough local jobs to hold them and few big towns were close enough for commuting.

Even so, some people find work outside the area—mining in Tennessee, for example. But they continue to live in their Carolina area.

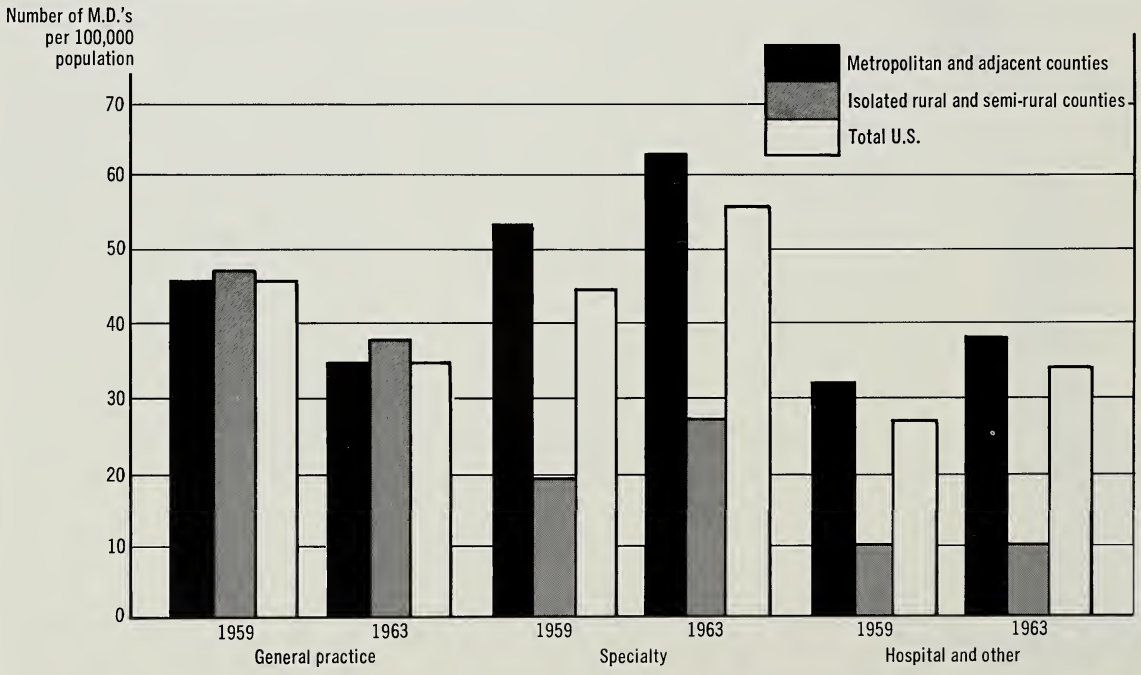
Since 1960, however, the local picture has brightened. In spite of continued outmigration, the local labor force rose by about 800 persons from 1960 to 1965. Local job opportunities increased as well, so that the unemployment rate dropped from 21 percent to less than 12 percent during that time. Statewide unemployment continued between 4 and 5.5 percent.

Since 1965 two industrial plants have opened in the area. This has meant more jobs for more local people.

Agriculture. Most of the area's farmers live on small farms. Both farmers and farms have dwindled in numbers because of limited opportunities for supplementary off-farm income. Yet income from agriculture appears to be expanding in the area.

In 1965, the gross income per farm per capita in North Carolina was $1,992. In the three counties it came to $1,138. The increase for the State since 1960 was 65 percent and for the local area 100 percent.

THE ECONOMIC HEALTH OF A COMMUNITY depends in part on the physical health of its people. And local health services play an essential part. There are more general practitioners for every 100,000 people in counties which are isolated from metropolitan areas. But there are fewer specialists and hospital staffs locally available. Consequently, persons living in isolated rural counties must travel further than metropolitan persons to receive the attention of specialists and modern hospital services (6).



The value of land and buildings per farm, too, showed a greater percentage increase in the tricounty area than in the State from 1959 to 1964. But it was still behind in actual dollar value—$24,442 for the average North Carolina farm, and only $12,726 for the average farm in the three counties.

The value of farm products sold also rose more, percentagewise, in the local area than in the State during 1959-64.

Business. Retail activity in the area perked up from 1960 to 1965. Sales averaged about $3,000 per household in 1965—up 8 percent from 1960 but still only two-thirds of the State average.

Not surprisingly, area residents depend on nearby trade centers for many goods and services. The large city of Atlanta, Ga., though not closest, is easily accessible by road and appears to attract most area families for shopping. Chattanooga, Tenn., also draws more area trade than nearby North Carolina cities, largely because of good highway connections.

Accessibility, rather than distance, appears to be a determining factor in choosing a place to shop.

Government revenue and expenditures. Total tax receipts in the three counties have been rising slowly. But, taxes per household are much lower than the State average.

Most of the expenditures of local governments are for education and public welfare.

Educational spending ranged from $71 per capita in Cherokee County to $84 per capita in Graham County. Again, this is lower than the State's outlay of $100 per capita for education.

In 1962 costs for public welfare were spread from $5 per person in Cherokee County to $46 per person in Graham County. The average expenditure for the three counties was about 17 percent of local government costs, in contrast to only 9 percent at the State level.

Though the tricounty area lost population from 1960 to 1965, a concurrent rise in the level of economic activity indicates a trend toward a higher level of living. And the percentage gains in recent years point to a slightly higher growth rate in general business activity in the project area than in the State as a whole.

Liquid Assets

Comprehensive resource planning can be a valuable contribution toward making a community an attractive place in which to live and work.

Quality control is one of the prime concerns of water resource planners—along with municipal and industrial needs, and requirements for recreation, fish, and wildlife.

People charged with community planning and zoning can use information available from the Department of Agriculture; the Army's Corps of Engineers; the Federal Power Commission; the Departments of Housing and Urban Development; Health, Education and Welfare; and of Interior; as well as State and local agencies; to assess their resource needs—present and future. And they can combine this information into a comprehensive plan for their own particular area.

The Department of Agriculture investigates an area's water needs for flood protection, drainage, irrigation, livestock, and rural domestic use—and, along with other agencies, locates desirable reservoir sites and delineates watersheds that may be future sources of water for irrigation and domestic use, if identified and protected now. *(7)*

But for the area to catch up to the State's average in the next 10 years, its rates of growth would have to double. The ERS study indicates that present resources are not sufficient to meet the challenge unless their development can be speeded up and reinforced by sound planning and effective programs during the coming decade. *(5)*

Iowa Farmers Cast a Vote For Friendship as Best Thing in Life

Work. Friendship. Material comfort. Recreation.

Which of these do you value the most?

If you're an Iowa man over 50 years old, you'll most likely value your job above the other interests —*unless you are a farmer.*

Farmers generally rate friendship first.

This is one of the interesting attitudes uncovered by sociologists who recently interviewed a group of older workers living in Iowa towns of 2,500 to 10,000 population.

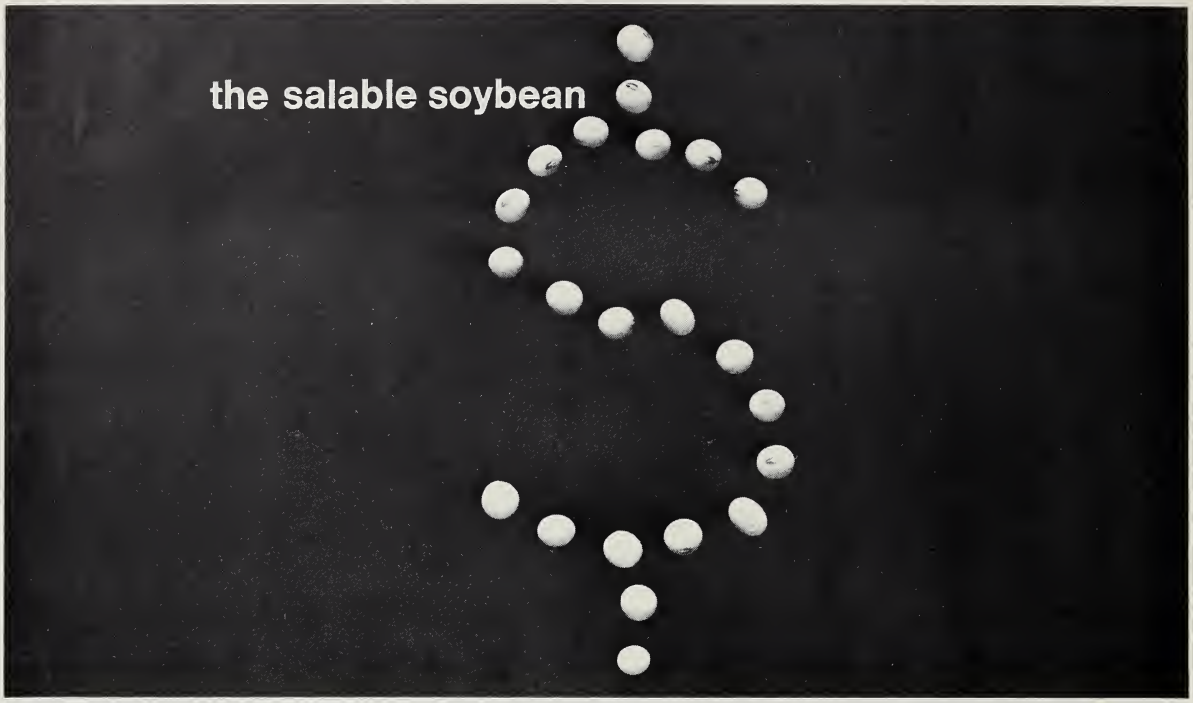
The purpose of this ERS study was to find out how older workers are inclined to feel about life in general and the situations they're in.

Farmers, professionals, merchants, and factory workers were all included in the survey. And few of them fitted into the traditional picture of a rural America with reverence for work as a prime value.

The majority of all the men questioned actually did not rank work first among the four values. Still, in every occupational group except farming, more of the men interviewed ranked it first than they did any of the other three values.

Professional workers (both self-employed and salaried) were most likely to rate work high. Over half of the professionals ranked work first. Only 36 percent of the merchants did. Factory workers thought along the same lines as farmers; only 34 percent of each group put the job first.

Friendship—rated highest by the most farmers—was rated second in value by the other groups. Material comfort and recreation came in third and fourth, respectively, in all groups that were covered in the survey. *(8)*



Marketing of America's largest oilseed crop is highly seasonal, but the rate of processing varies little from month to month. One result: A big soybean futures market.

Once upon a time — before World War II—the U.S. soybean crop was so small it wasn't traded on the commodity futures exchange.

Since then, hundreds of uses for the bean—ranging from vegetable oils to paints and plastics—have made it an important commodity, and traders now speculate actively in soybean futures.

Such speculation—as with other crops on the commodity market—is a part of the industry's pricing system.

Although the beans themselves are processed at a fairly uniform rate throughout the year, actual marketing takes place for the most part between mid-September and December.

By January 1 about two-thirds of the annual crop is off the farm and half the amount to be crushed during the whole year is already at the mills.

The time between purchase and actual crushing is a period of risk for the processor. Prices of both soybeans and soybean products can and do vary considerably during these weeks or months.

Normally at harvesttime, prices of soybeans are seasonally low, freight cars are scarce, and handling facilities at country and terminal elevators are congested. This is the time most processors buy. Some even buy before harvest, through soybean futures contracts.

Holdings high in November. Processors always buy large supplies of soybeans at harvest and their holdings are normally highest in November, dropping off the rest of the year.

However, the volume bought depends on what processors think will happen to prices.

For example, in the fall of 1966 when prices were well above the price support level, processors anticipated a price drop over the rest of the marketing year.

Processor holdings in November totaled only 161 million bushels, or about a 3-month crush.

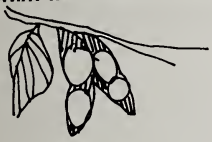
The opposite situation existed in the fall of 1967 when soybean prices dipped under the $2.50 support rate. Processors expected prices to rise. Furthermore, the Commodity Credit Corporation's price support provided a floor under the market and processors knew there was little price risk in owning large quantities of soybeans early in the year for crushing later.

As a result, holdings in November totaled 210 million bushels. This was 30 percent above November 1966 and about a 4-month crush.

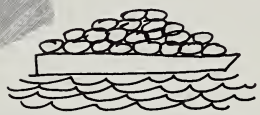
Steady crush. By the end of December, the crush pattern for the year is usually formed and total crushings can be estimated fairly accurately.

The crushings themselves are

WHAT HAPPENS TO THE SOYBEAN CROP?



Production on the farm **100%**



Exports* as beans **23%**

Farm sales to country elevators **97%**

Domestic sales to:
Commission companies,
Interior carlot dealers,
Soybean merchandisers,
Brokers, shippers, other dealers **77%**

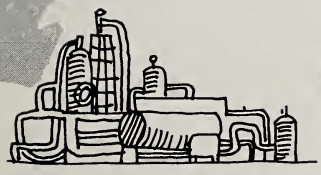
Soybean processing plants

Protein cake and meal **80%**

Exports **20%**

Crude oil **18%**

Animal feeds and industrial uses **80%**



Soybean oil refinery **92%**

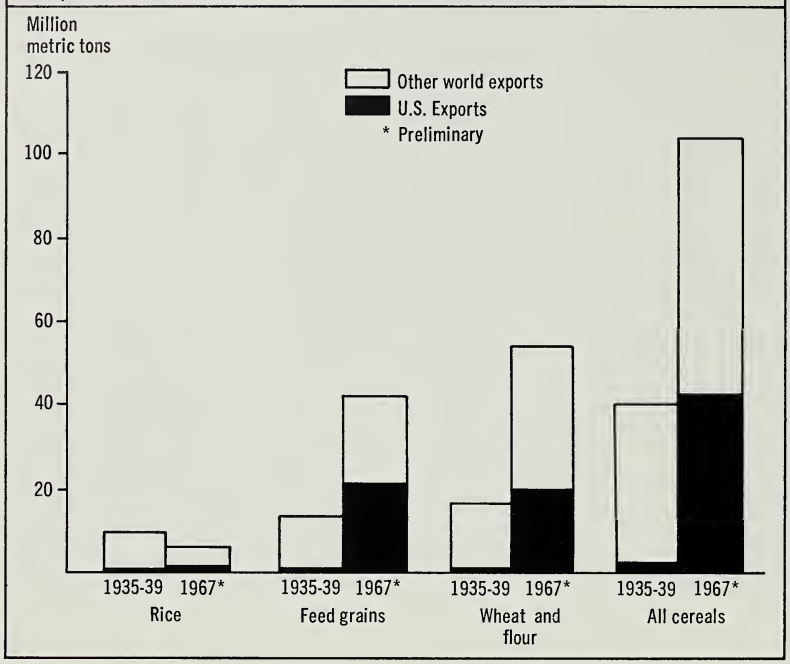
Shortening **35%** Margarine **26%**

Salad oil, mayonnaise, cooking oil **29%**

Drying oil products **4%** Other inedible products **6%**

*Approximately 2 percent more exports move through soybean merchandisers as well.

GROWTH IN WORLD GRAIN TRADE: In the past 30 years, the volume of world grain exports has nearly tripled, rising from an annual average of 40.1 million metric tons in 1935-39 to 114.3 in 1966. Our share of total world grain exports has risen more than sixfold, from 7 to 44 percent. (12)



fairly uniform throughout the year at an average monthly rate of about 8 percent of the year's total.

There is usually an even year-round demand for soybean oil and soybean meal. Also, soybeans can be stored a long time without deterioration, and it is more economical to operate a plant on an even crushing schedule.

The monthly crush ranges from a low of 6 percent, usually in September, to a high of 9 percent in November or December. Many mills close down in the slower months for repairs and maintenance.

Exports up in fall. October to December, when soybean prices usually are seasonably low, are the heaviest export months. From 1962 to 1966 more than 40 percent of the year's soybean exports left the shores of the United States before January 1.

In recent years the monthly export rate has varied from a low of around 3 percent in September to a high of 14 percent in November. After November, exports generally begin to taper off.

Soybean exports for the marketing year ending August 31, 1968, may total about 270 million bushels, representing about 25 percent of 1967/68's total supply of 1,063 million bushels. (Exports in 1966/67 were 262 million bushels.)

At an estimated 575 million bushels, this year's crush will account for about 54 percent of the total supply. Five percent of the total or about 48 million bushels, is expected to go for planting seed and 10 million bushels (almost 1 percent of the total) for feed and other purposes.

This leaves a prospective September 1 carryover of a record 160 million bushels, or about 15 percent of the total supply. The carryover a year ago was 90 million bushels. *(9)*

The Cattleman's Choice: Which Of Those Marketing Trails To Travel

There can be many forks in the road a cattleman travels in trying to find the most profitable way to market.

Should he deal in fed or non-fed cattle? Should he sell direct to packers? Through auctions? To terminal markets? Should he expand his operation? Should he work under contract with a packer-feeder?

In 1964, there were 717 commercial feedlots (over 1,000 head capacity) in the 11 Western States. There were also over 15,000 large cattle ranches (over 100 head) and 42,000 small ranches and feedlots.

The smaller ranches and feedlots are feeling the pinch of competition with larger operations which are able to operate more economically.

More sales are being made direct to packers and processors, bypassing the system of terminal markets altogether.

Back in 1955, terminal markets accounted for over 25 percent of all cattle marketed. By 1964, the number of marketed cattle traveling this route had dwindled to slightly less than 7 percent of total marketings. At the same time, direct sales to meat packers and processors had increased from 55 percent to over 70 percent.

Auctions of livestock continue to play an important role in marketing—especially for smaller operators. They accounted for about a fifth of marketings in both 1955 and 1964. However, the volume sold at auctions has increased with the rise in total marketings. Since 1964, all Western terminal markets have shifted to auction sales.

Direct marketing can cut transportation and handling charges. (The effectiveness of this method, however, may vary with the avail-

ability of timely market news and price reports.)

Over 56 percent of nonfed cattle sales in 1964 were direct. About 36 percent were auction sales, and the small balance were through terminal markets.

Fed cattle are generally sold direct to the packers, with over 10 percent sold on a carcass basis in 1964.

Along with the growth in direct marketings, the number of packer-owned feedlots has expanded. In the Western States, over 20 percent of the total number of cattle fed were owned by packers. This is much higher than the national figure.

Even in cases where the packer and feeder were not working under a formal contract, there was often an informal link. About 20 percent of the 717 commercial feedlots sold all their output to one packer; 46 percent dealt with three or fewer packers.

The cattleman who isn't linked to a coordinated marketing effort may find it advantageous to enlarge his operation enough to increase its efficiency and enable him to contract with other stages of the marketing process. Expansion might also put him in a better position to join with other cattle producers in forming cooperative associations for bargaining purposes. *(10)*

"Mom and Pop" Stores Out, Big Chains In As Top Milk Sellers

When milk was sold by the dipper and butter by the chunk, dairy operators relied on a number of small "Mom and Pop" outlets for their products.

With the growth of food chains and independent grocers' buying organizations, however, the balance of numbers has been reversed.

Local dairy companies now rely heavily on the comparatively small number of food chains to market their milk at the retail level. The reason is simply that chains—be they corporate, or grocers' buying organizations, or independents who are affiliated—account for 90 percent of retail grocery sales.

The differences between marketing to "Mom and Pop" and selling to the supermarket have been big enough to cause changes in the dairy business itself.

Chain food stores buy big. So dairies must be big enough, too, to stock a large number of chain stores and supermarkets in the area.

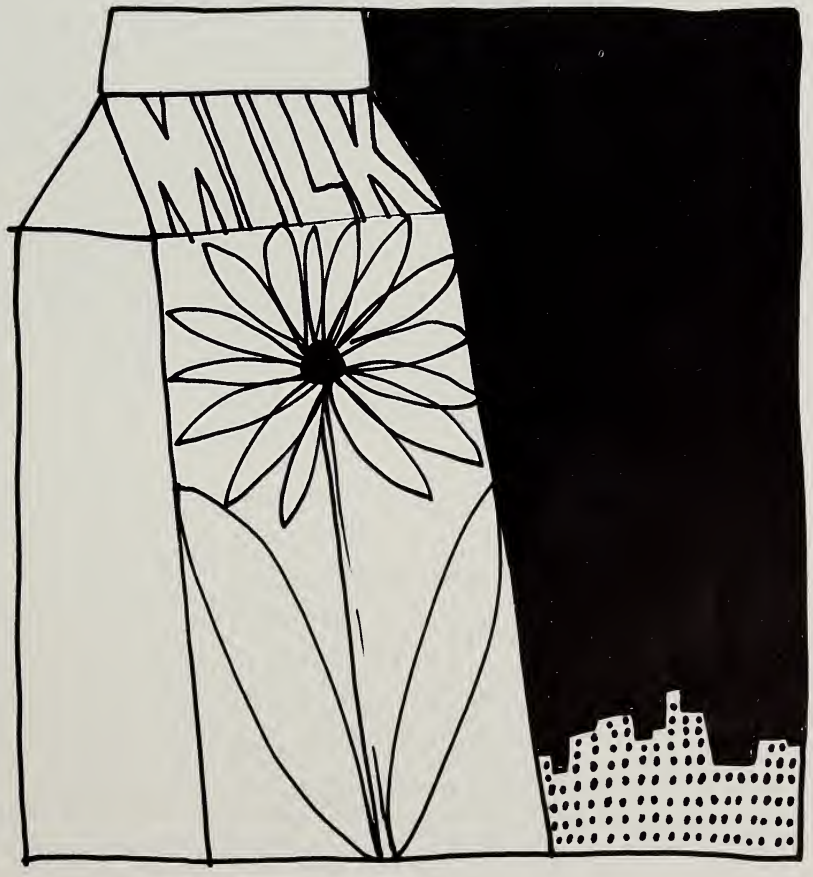
To meet this volume requirement, and to offset their own rising costs, most milk and ice cream processors have enlarged their plants.

But few plants have reached the size which yields the greatest efficiency. Studies by the North Central Regional Dairy Marketing Committee have shown this level to be at least 40,000 quarts per day for dairies with a diversified product line, and 375,000 to 1 million gallons for ice cream plants.

The supplier's smaller margin of profit is due not only to the discount associated with volume orders but also to the fact that chains are in a better bargaining position than "Mom and Pop."

Many chain-connected food stores market dairy products, as well as many other kinds of food, under their own private labels, This has had a sharp impact on the dairy industry.

In a 1964 survey of 194 midwestern chain stores, 60 percent were found to stock private labels of homogenized milk, while 83



percent carried one or more private labels of ice cream.

In addition, three-fourths of the stores sold their own brands of butter, evaporated milk, bulk natural cheese, and sliced processed cheese.

Nationwide, a survey in 1965 confirmed this extensive use of private label dairy products by grocery chains.

And it indicated that independent grocers, too, favor private labels. Out of 71 independents surveyed, the frequency of private label products was 80 percent for ice cream, 56 percent for butter, 50 percent for homogenized milk, and 41 percent for evaporated milk.

From the dairymen's standpoint, private labeling has both good and bad features.

On the good side is the business which private labeling brings. And when the dairy puts up private label products, it does not have to pay the costs of promotion—or, in many cases, costs of final distribution—as it does for its own brands.

Though private labels are plainly in competition with the dairy's advertised brands, many dairies process private label brands anyway.

They do it to insure chain store shelf space for their own products. And they also do it to discourage chains from processing dairy products themselves in competition with existing dairies.

Even so, when a chain of groceries does a considerable volume of business, it can often afford to own its own dairy plants.

In 1965, five of the 16 chains in the over-$250-million sales bracket processed their own brands of homogenized milk, and seven processed ice cream.

And among the 40 largest U.S. chains, the number processing both products has risen steadily.

Meanwhile, many dairymen are seeking ways to meet this competition or circumvent it. Recent suggestions have included merging dairy plants to increase efficiency, concentrating production and sales efforts on a few dairy products, and branching out into nondairy businesses.

A number of ways also are being tried to improve returns from home delivery routes: using less frequent but larger deliveries, offering discounts to the biggest customers, and negotiating more favorable contracts with deliverymen.

Some dairies have initiated their own retail chain outlets. At first, these chain dairy stores emphasized their low prices. More recently, they have appealed to customers by adding extra-long hours of service and shelf space for fast-moving nondairy food items. *(11)*

Skim Milk Sails

Sales of fluid skim milk products — in comparable Federal order milk markets — rose last year to almost 15 percent of total fluid milk sales, continuing their steady climb from less than 10 percent of the total in 1963.

While skim milk sales rose nearly 60 percent from 1963 to 1967, combined sales of fluid whole milk, milk and cream mixtures, and fluid cream declined about 1 percent.

From January to May of this year, skim milk sales rose almost 18 percent over year-earlier levels —compared to an average 13-percent annual gain over the previous 2 years.

The surge in skim milk sales so far this year has been enough to offset the decline in other milk items and actually push the total product weight of fluid sales up about 2 percent from a year earlier. The milk equivalent (fat solids basis) was still down from last year.

The fastest growing items in skim milk sales during this time has been low-fat milk.

Prices reported from 21 markets for August of this year showed low-fat milk ranging from 1 to 10 cents lower and averaging about 4 cents per half gallon less than whole milk. *(22)*

A Florist Market News Service? Trial Proves Industry Wants It

No news may be good news to some, but not to members of the flower industry who have now seen what a market news service can do for them.

The flower industry—with retail sales topping $1 billion a year, and with annual value exceeding the U.S. orange or rice crops and one third larger than the apple or peanut crop—was long in need of market news to keep members over the country informed on developments.

Industry spokesmen last year asked the U.S. Department of Agriculture to set up a pilot market news service that would provide accurate information on supplies, demand, and prices of cut flowers.

San Francisco was picked for the trial run because the central coastal counties around it form one of the largest cut flower producing areas in the country.

Now, after more than 7 months of operation, the market news service has more than 1,900 persons or firms as subscribers.

Requests for the reports have come from growers, shippers, wholesale receivers, and retailers in all 50 States and 25 foreign countries.

Information on cut flowers goes out from San Francisco over the same 20,000-mile leased-wire system used by the Fruit and Vegetable Market News Service—in operation for 50 years. Reports by this service not only go directly to the trade but also may be picked up by local newspapers and radio and television stations.

Following the successful trial run of the flower market news service, plans are now being made to expand it into production areas of southern California and Florida. In addition, it is hoped to inaugurate reporting in some eastern or midwestern wholesale markets. *(13)*

earn more . . . eat more

For millions of people in developing nations, food is a luxury they can't afford to buy.

So they produce what they can, where they can. They piece out with borrowings and barterings from their neighbors, and from friendly foreigners. Sometimes they go without.

When they begin to earn more money, they naturally head for the nearest marketplace or city store where food is sold.

How much will they spend—at the least or at the most?

How much will there be for them to buy?

Enough to satisfy them? At prices they are prepared to pay—in dollars or drachmas, pesos or pounds, or whatever the unit?

If there isn't enough purchasable food—or if there's a roadblock in the route to market—more money in people's pockets can throw the best intentioned national development plans off balance.

Suppose a person with a $100 yearly income earns an extra $10. Here's what may happen—especially if he's a citizen of a country in early stages of economic growth:

He increases his food expenditures from 4 to 9 percent over his previous level of expenditure. For instance, if he spent $50 of his $100 income on

TAIWAN

Year	Income per person	Spent per person for food		Total agricultural imports per person	
	U.S. dollars	U.S. dollars	Percent	U.S. dollars	Percent
1955	78	40	50.9	n.a.	n.a.
1956	87	43	49.6	n.a.	n.a.
1957	98	48	49.3	n.a.	n.a.
1958	88	42	47.6	n.a.	n.a.
1959	94	42	44.5	n.a.	n.a.
1960	120	54	45.1	n.a.	n.a.
1961	129	55	42.5	n.a.	n.a.
1962	135	56	41.2	9.00	6.7
1963	150	59	39.1	12.05	8.0
1964	175	66	38.0	12.98	7.4
1965	185	69	37.5	13.01	7.0

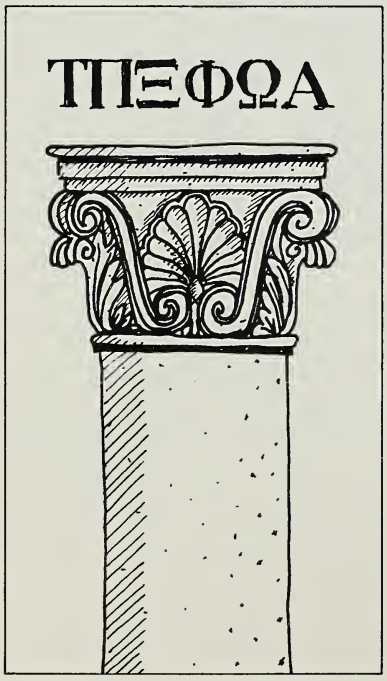
food, he'll spend from $52 to $54.50 of his $110 income on food.

He relies on marketing channels to satisfy his increased demand for food—especially if he lives in a city, where he can't grow it. And in early stages of national development, people do tend to migrate from country to city.

But marketing channels may not yet be cut through. Or they may be too narrow, too mazy, too expensive to let enough food flow fast enough from farm or port to heavily populated areas. (Inadequacy of facilities for handling, storing, and transporting grain in India is a case in point.)

So what happens if a country's marketing system isn't strong enough to carry the heavier load of food demanded because of rising incomes? The resulting food shortages then lead to soaring food prices and national inflation.

Moreover, when more food can't be quickly produced at home, a wave of demand may have to be



GREECE

Year	Income per person	Spent per person for food		Total agricultural imports per person	
	U.S. dollars	U.S. dollars	Percent	U.S. dollars	Percent
1950	219	115	52.5	n.a.	n.a.
1951	266	126	47.4	n.a.	n.a.
1952	277	134	48.4	n.a.	n.a.
1953	183	85	46.4	13.43	7.3
1954	210	99	47.1	11.91	5.7
1955	237	107	45.1	15.06	6.4
1956	274	120	43.8	18.80	6.9
1957	291	124	42.6	19.75	6.8
1958	299	129	43.1	17.38	5.8
1959	306	132	43.1	14.53	4.7
1960	354	134	37.9	15.73	4.4
1961	398	146	36.7	17.98	4.5
1962	416	149	35.8	16.57	4.0
1963	459	165	36.0	20.99	4.6
1964	509	176	34.6	24.46	4.8
1965	566	195	34.5	31.92	5.6
1966	621	214	34.5	n.a.	n.a.

THAILAND

Year	Income per person	Spent per person for food		Total agricultural imports per person	
	U.S. dollars	U.S. dollars	Percent	U.S. dollars	Percent
1957	72	29	40.8	1.93	2.7
1958	73	31	41.8	2.01	2.8
1959	79	32	40.4	1.97	2.5
1960	88	34	38.5	1.83	2.1
1961	92	37	39.7	2.03	2.2
1962	97	38	39.0	1.85	1.9
1963	98	39	39.9	1.96	2.0
1964	102	41	39.8	2.14	2.1
1965	105	41	38.8	2.39	2.3

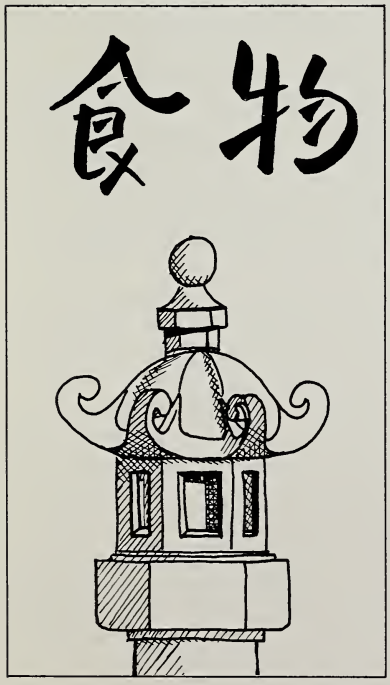
stemmed by imports. This, in turn, leads to spending of foreign exchange to buy food for consumers, instead of capital goods which might nourish a nation's economic growth.

A country may therefore have to change the course of its production and other development plans in a direction not the best suited to its resources and longrun requirements.

If changes in demand for food within countries and changes in import demand for farm products are measured and understood, the stresses and strains of rapid economic growth might be eased.

Several studies by the USDA's Economic Research Service, concerned with such problems, have attempted to do this. Here are some of the findings and conclusions—broadly generalized.

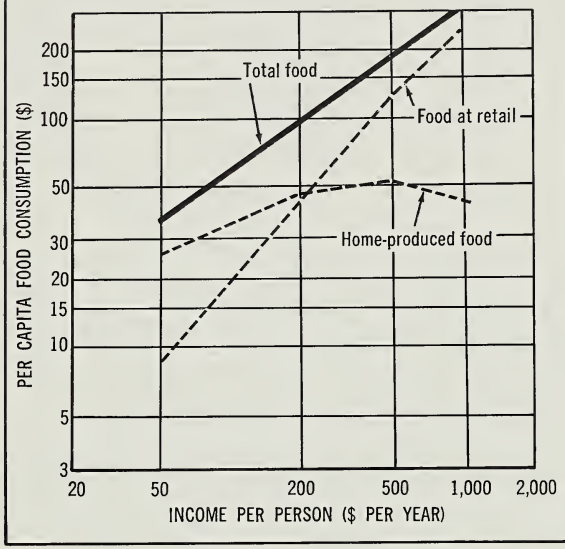
When a country makes noticeable advances of, say, 5 to 6 percent a year in per capita income (and population growth stays at moderate levels), it can expect a 5 percent increase per year in food de-



JAPAN

Year	Income per person	Spent per person for food		Total agricultural imports per person	
	U.S. dollars	U.S. dollars	Percent	U.S. dollars	Percent
1950	113	48	42.5	n.a.	n.a.
1951	143	57	39.9	19.48	13.6
1952	161	66	41.0	15.58	9.7
1953	181	77	42.5	17.92	9.9
1954	189	82	43.4	17.58	9.3
1955	204	84	41.2	17.91	8.8
1956	237	88	37.1	19.33	8.2
1957	276	93	33.7	20.34	7.4
1958	284	97	34.2	16.92	6.0
1959	312	102	32.7	18.40	5.9
1960	375	108	28.8	21.38	5.7
1961	437	118	27.0	25.60	5.9
1962	496	133	26.8	24.70	5.0
1963	556	146	26.3	31.31	5.6
1964	633	164	25.9	34.84	5.5
1965	694	182	26.2	36.16	5.2
1966	784	199	25.4	n.a.	n.a.

MORE MONEY MEANS MORE FOOD for people in developing countries. And the more they earn, the more they will spend on food that passes through the marketing system. Though the range of expenditures for food at retail will vary, along with the value of home-produced food, the probable paths of demand at the middle road are indicated below.



mand.

Also, demand for food that passes through the country's marketing system will rise almost twice as fast as the demand for all food—including that grown and eaten on farms.

In other words, if there is a 3-percent-per-year rate of growth in demand for all food, there will be a 6-percent rate of growth in demand for food retailed in the marketplace or city store.

Expenditures per person for food do not rise as much altogether or percentage-wise as income increases.

This situation has occurred in many countries in varying stages of development. To illustrate:

The Japanese income per person jumped $671 between 1950 and 1966. Per capita food purchases rose $151.

In Taiwan, per capita income went up $107 between 1955 and 1965. Food purchases rose $29 per person.

The Greek citizen's income nearly tripled—from $219 to $621—between 1950 and 1966. His food expenditures just about doubled.

And the Thai's earnings rose $33 in about a decade. He spent $12 more on food.

As a person's income increases, the amount he spends for food also goes up. But the share he spends on food tends to decline.

Looking again to Japan—an extremely rapid growth country: When per capita income was only $113, nearly half of it (42.5 percent) went for food. But at a $784 yearly income, only a fourth (25.4 percent) went for food.

Taiwans' wage earner spent over half (50.9 percent) of his $78 yearly earnings for food in 1955, but little over a third (37.5 percent) when his income more than doubled to $185.

In Greece, the percentage dropped from 52.5 percent to 34.5 percent as incomes rose more rapidly. And in Thailand—a relatively low per capita income country—a decline of 2 percent was less dramatic but significant.

For each 10-percent rise in per person income, there will probably be an 11-percent rise in agricultural imports.

The stronger import demand may also be reflected in larger U.S. exports. However, just as with per capita food expenditures, the rate at which a nation will increase agricultural imports tends to decline as income levels rise. (Tariffs, duties, and other trade barriers, prices, transport costs, food tastes, and other factors can be expected to enter the picture, too.)

Yet at higher income levels a developing nation's imports from the U.S., and elsewhere, tend to rise in total volume and value.

From 1957 to 1964, low income countries (less than $200 per person annual income) increased per capita *commercial* imports from the United States from 20 cents to 30 cents. In medium income nations ($200-$600) the increase was from $2.35 to $3.48 during the same 8-year period. And in high income countries (over $600), it was from $6.14 to $7.88.

Such increases are a boon to exporting countries, but may be a mixed blessing for the developing nations—depending, of course, on the individual countries and their development plans.

Those planners who are well equipped with adequate information to measure changes in demand that come with higher incomes will be the best able to recognize and anticipate pitfalls and bottlenecks that may occur.

If adjustments can be made for such happenings, increases in food and import demand can be parlayed into benefits for all nations—and speed the way to more efficient allocation of the world's precious resources. *(14)*

Stronger Demand, More Imports On German Agricultural Horizon

What does the future hold for West German agriculture?

From today's vantage point, it looks as though demand for agricultural products will continue to surpass production at least until 1975, and total agricultural imports will increase.

These are projections that emerge from a recent study of long-term supply and demand for agricultural products in the Federal Republic of Germany. The study was made by the IFO (Institut für Wirtschaftsforschung) in Munich and coordinated by the USDA's Economic Research Service.

As projected by the economists, the West German situation will shape up along these lines:

Consumption of agricultural products through 1970 and on to 1975 is expected to continue to increase 5 percent a year, as it has during the 1960's. But gross agricultural production is expected to increase only 1.7 percent a year.

The country's membership in the European Economic Community will play a large role in shaping its agricultural future. The EEC's price structure for certain farm products is somewhat lower than what West German farmers have been used to. And the common tariff policies shared by EEC members will affect agricultural imports.

A degree of uncertainty exists in the projections for the livestock/dairy sector.

Cattle in West Germany are usually dual-purpose animals. Thus, balancing of the current over-production of milk products and under-production of beef is not likely to be achieved by 1975. Stimulating beef production would also raise milk output and, conversely, holding back on dairy production would cut herd numbers and eventually lead to a drop in available beef.

Because of this uncertainty, the economists developed alternate projections for cattle numbers.

The first was that cow numbers would not change much by 1975; the second that they would decline by 5 percent.

Only the first projection is illustrated in the table below for those commodities which are affected by the livestock/dairy sector in West Germany. *(15)*

WEST GERMAN AGRICULTURE LOOKS AHEAD TO 1975

Commodity	Base period—1961/62-1963/64			1975		
	Total consumption [1]	Domestic production	Net imports	Total consumption	Domestic production	Net imports
	1,000 tons			*1,000 tons*		
Wheat	6,036	4,531	1,738	7,133	5,964	1,169
Rye and winter mixed grain	3,666	3,279	200	2,899	2,400	499
Coarse and industrial grain	7,525	5,482	2,442	13,575	7,775	5,800
Potatoes	23,873	23,713	355	15,100	15,100	—
Vegetables	3,190	2,366	824	3,404	2,366	1,038
Fruits	4,252	3,121	1,131	5,366	3,121	2,245
Fats and oils	698	42	651	781	50	731
Tobacco	124	10	106	184	13	171
Beef	1,048	902	155	1,506	1,332	174
Veal	110	98	12	121	121	—
Pork	1,764	1,667	95	2,510	2,760	—250
Poultry meat	284	111	173	546	383	163
Milk for consumption	7,755	7,731	24	8,710	8,686	24
Cheese	257	164	93	311	202	109
Butter	496	464	32	540	611	—71
Whole milk, powdered	47	32	14	102	102	—
Fish and meat meal	381	101	280	945	145	800

[1] Reflects stock changes.

Plant breeders, producers, and processors have combined their talents to transform popcorn into a highly sophisticated item that is palatable and profitable.

What's balled, bagged, or boxed and most often planted in theater lobbies?

The answer should come quickest from natives of Iowa and Indiana, because their States are the Nation's leading popcorn suppliers—with half a dozen other Corn Belt States giving them an able assist.

Moviegoers continue to be the best customers for popcorn. Baseball fans are probably next in line, but TV watchers are now close on their heels.

It takes about 500 million pounds of popcorn-on-the-cob a year to meet yearly demand.

Popped, it would be enough to supply about a quart a year for everybody, since 1 cup of popcorn pops into 30 to 35 cups.

Yellow varieties generally have bigger kernels and their larger expansion makes them more attractive to the eye.

White popcorn, though usually smaller in size before and after popping, has the reputation of being more tender than the yellow.

Both have the same caloric and nutritive content as sweet corn. (There's a little red variety, but it isn't accepted in commercial circles; its use is pretty much limited to the cob form for decorative purposes.)

Today's popcorn not only comes in different sizes and natural colors; processors offer various flavors and add more colors, too —such as pinkish cinnamon or golden garlic.

Pop-it-yourself people who prefer to do their own processing can still buy kernels in bagged bulk and cans. They can also get them in convenience packagings which may take the shape of "kits" complete with oil and seasoning accoutrements.

Whatever consumer form popcorn takes, the kernels are sophisticated hybrids.

Some agricultural experiment stations in the Corn Belt have special staffs concerned solely with the betterment of popcorn seed.

As a result, the farmer's average yield per acre hit a record 2,656 pounds last year—nearly double what it was 20 years ago. Most popcorn is grown under contract to processors who specify the quantities, types, and quality standards they want.

The price paid to farmers varies from year to year along with growing conditions, supplies, and demand. But during the past couple of decades, the farmer has received an average of about $2.50 per 100 pounds on the cob.

Popcorn arrives at the processors as thoroughly air-dried ear corn. It's then up to the processor to shell the corn and "condition" it. This includes fumigation, sorting and grading, and otherwise readying for the popper.

Popping methods and props are as varied as consumers themselves.

Commercial poppers use huge, automated machines. Private poppers of the old school still favor a deep skillet or heavy saucepan on top of the kitchen stove, and they endorse the following tried and true recipe:

Use just enough butter or popping oil to cover the kernels. Bring it to the smoking point before you put in the kernels and cover them. After a few shakes, the popped corn is ready for additional touches—which should include "fine" salt. This is a special salt available at popcorn supply houses in big cities.

So, what makes popcorn pop?

The kernels actually explode. They are detonated by pressure of the steam that's generated when heat hits the moisture retained inside the kernel's hard outer coat. And today's popcorn rates high in poppability. *(16)*

When Food Budget's Off Balance, Lay Blame on That Hidden Fifth

About one-fifth of our average grocery bill isn't food at all. It's something to wear, or read, or listen to, or clean with, or cook in.

For every dollar's worth of food that goes into our supermarket basket, we put in 20 cents worth of laundry soap, insecticides, children's socks, potted plants, paper towels, hi-fi records, and even multi-volume encyclopedias or children's classics.

About 90 percent of all sales of cat and dog food go over the supermarket checkout counter—along with about half the hair spray, aspirin and toothpaste we buy for personal and family use.

We spend more in grocery stores for dog food than we do for commercial canned baby food for our growing infants.

And, nationwide, we also spend more for three products—canned and bottled beer for off-premise consumption, cigarettes, and pet foods—than we do for fresh beef. That's the way our "food" dollar goes. *(17)*

THE FOOD BILL GROWS UP, TOO: Even with no rise in the price of food, and no more expensive foods in the market basket, the food bill is bound to grow with the size of the family. This is what it cost to feed these families for one week, using prices for December 1967, in various parts of the United States. The costs are based on USDA's moderate-cost food plan.

There is no change in the quality or kinds of food purchased; only the quantity is changed. The bill for a week's food bought at the grocery store could be a fourth less if the housewife were working within a low-cost food budget. It could be 15 percent more if she had a liberal food allowance. (18)

What it cost to feed a family for a week (December 1967)

Residence	Dollars			
	[1]	[2]	[3]	[4]
Northeast	22.90	37.80	42.80	19.20
North Central	21.00	34.90	39.80	17.80
South	18.00	29.90	34.00	15.40
West	21.90	36.20	41.20	18.40
U.S. average	20.80	34.40	39.20	17.60

[1] Husband and wife, 24 and 21 years.
[2] Husband and wife, 36 and 33; boy, 10; girl, 8.
[3] Husband and wife, 44 and 41; boy, 18; girl, 16.
[4] Husband and wife, 58 and 55 years.

THE WORLD AGRICULTURAL SITUATION: TRADE HIGHLIGHTS, 1967. Foreign Regional Analysis Division, ERS-For. 234.

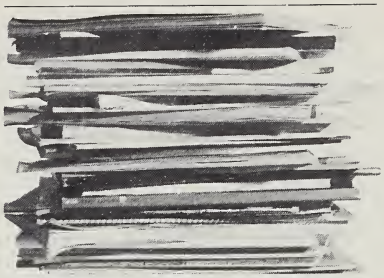
A fall in the U.S. share of agricultural imports into most of the countries which are major customers of the United States and a 3-percent decline in import prices of farm products were highlights of 1967 agricultural trade.

THE EFFECTS OF TAXES AND PUBLIC FINANCING PROGRAMS ON LOCAL INDUSTRIAL DEVELOPMENT: A SURVEY OF THE LITERATURE. T. F. Stinson, Economic Development Division. AER-133.

Tax concessions and public industrial financing programs are being widely advocated as ways in which the development of rural America can be accelerated. Considerable doubt still exists, however, about the effectiveness of these programs in encouraging industrial development. This report summarizes the results of a number of the major studies of this question.

CHANGES IN FARM PRODUCTION AND EFFICIENCY: A SUMMARY REPORT 1968. Farm Production Economics Division. Stat. Bull. 233.

This publication provides the latest information for each of the several series that have been developed to appraise such things as changes in production, changes in farm inputs and practices, improvement in labor productivity, and progress of farm mechanization.



RECENT PUBLICATIONS

The publications listed here are issued by the Economic Research Service and cooperatively by the State universities and colleges. Unless otherwise noted, reports listed here and under Sources *are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained only by writing to the issuing agencies of the respective States.*

WOMEN'S ATTITUDES TOWARD COTTON AND OTHER FIBERS USED IN WEARING APPAREL. L. Y. Clayton, Statistical Reporting Service, in cooperation with F. Skelly and R. Goldberg, Daniel Yankelovich, Inc. MRR-820.

Readymade items of clothing included in this study were women's warm-weather knit dresses, between-seasons dresses, summer dresses, suits, skirts, blouses, whole slips and half slips.

MARKETING SPREADS FOR SOYBEAN AND COTTONSEED OILS USED IN SALAD DRESSING. T. B. Smith, Marketing Economics Division. ERS-376.

The big shift in the past 25 years to use of soybean oil as an ingredient in salad dressing led to marketing problems for agencies assembling processing, and distributing these products. The objective of this study is to determine marketing margins and to evaluate the farm-to-retail spreads for various types and brands of salad dressing.

EFFECTS OF FLUE-CURED TOBACCO PROGRAMS ON RETURNS TO LAND AND LABOR. J. L. Hedrick, Farm Production Economics Division, G. S. Tolley, N. C. State University, W. B. Back, Natural Resource Economics Division. ERS-379.

Landowners in the Coastal Plains of North Carolina and the Piedmont area of Virginia, two major flue-cured tobacco production areas, have been the principal longrun beneficiaries of Federal programs to control the price and production of flue-cured tobacco according to this study.

Numbers in parentheses at end of stories refer to sources listed below:

1. R. R. Miller, "Incomes on Commercial Dairy Farms," Dairy Situa., DS-321 (P); 2. W. D. Rasmussen (SM); 3. J. A. Evans and D. Nolan, Costs and Returns—Commercial Cotton Farms, 1967, FCR-56 (P); 4. P. E. Strickler (SM); 5. J. Ben-Rubin, An Evaluation of the Economy of the Southwestern North Carolina Rural Renewal Area, ERS-387 (P); 6. M. Krakowski, M. Werboff, and B. Hoffnar, Availability and Use of Health Services—Rural-Urban Comparison, AER-139 (P); 7. W. H. Heneberry, Water Resource Reports and Plans (M); 8. W. W. Bauder and J. A. Doerflinger, Attitudes and Values of Older Workers (M); 9. G. Kromer, "Soybeans: Seasonal Trends in Marketings and Use," Fats and Oils Situa., FOS-243 (P); 10. R. Crom (SM); 11. S. Williams (SM); 12. F. D. Barlow, Foreign Market Potentials for U.S. Agriculture With Particular Reference to Soybeans (S); 13. L. Garrett (SM); 14. Foreign Development and Trade Division (SM); J. Schaub and A. Mackie, U.S. Agricultural Exports and Foreign Economic Growth, ERS-For. 192 (P); R. Stevens, Elasticity of Food Consumption Associated with Changes in Income in Developing Countries, FAER-23 (P), and A. Mackie, Foreign Economic Growth and Market Potentials for U.S. Agricultural Products, FAER-24 (P); 15. H. Schmidt and R. Ruf, Summary of "Long-Term Development of Demand and Supply for Agricultural Products in the Federal Republic of Germany," ERS-For. 228 (P); 16. Field and Seed Crops . . . By States 1966-1967, CrPr 1 (68) (P); and C. E. Burkhead (SM); 17. T. Meyers, The Consumer in Your Market (S), and (SM); 18. E. F. Taylor (SM); 19. Demand and Price Situation, DPS-117 (P); 20. B. Johnson (SM); 21. Poultry and Egg Situation, PES-253 (P); 22. Dairy Situation, DS-322 (P); 23. Foreign Development and Trade Division and G. Kromer (SM).

Speech (S); published report (P); unpublished manuscript (M); special material (SM); ***State publications may be obtained only by writing to the experiment station or university cited.**

ECONOMIC TRENDS

ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1967		1968		
			YEAR	AUGUST	JUNE	JULY	AUGUST
Prices:							
Prices received by farmers	1910-14=100	242	253	255	259	260	261
Crops	1910-14=100	223	224	221	229	221	226
Livestock and products	1910-14=100	258	277	283	285	294	291
Prices paid, interest, taxes and wage rates	1910-14=100	293	342	342	354	355	354
Family living items	1910-14=100	286	322	323	335	336	337
Production items	1910-14=100	262	287	289	293	293	291
Parity ratio		83	74	75	73	73	74
Wholesale prices, all commodities	1957-59=100	—	106.1	106.1	108.7	109.1	108.7
Industrial commodities	1957-59=100	—	106.3	106.3	108.8	108.9	108.9
Farm products	1957-59=100	—	99.7	99.2	102.5	103.9	101.5
Processed foods and feeds	1957-59=100	—	111.7	112.1	114.6	115.9	114.9
Consumer price index, all items	1957-59=100	—	116.3	116.9	120.9	121.5	—
Food	1957-59=100	—	115.2	116.6	119.1	120.0	—
Farm Food Market Basket: [1]							
Retail cost	Dollars	983	1,081	1,098	1,117	1,124	—
Farm value	Dollars	388	413	428	435	456	—
Farm-retail spread	Dollars	595	668	670	682	674	—
Farmers' share of retail cost	Percent	39	38	39	39	40	—
Farm Income: [7]							
Volume of farm marketings	1957-59=100	—	124	129	112	120	132
Cash receipts from farm marketings	Million dollars	32,247	42,788	3,691	3,188	3,479	3,800
Crops	Million dollars	13,766	18,383	1,574	1,228	1,541	2,200
Livestock and products	Million dollars	18,481	24,405	2,117	1,960	1,929	1,600
Realized gross income [2]	Billion dollars	—	49.1	—	50.7	—	—
Farm production expenses [2]	Billion dollars	—	34.8	—	35.9	—	—
Realized net income [2]	Billion dollars	—	14.2	—	14.8	—	—
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	[3] 6,772	468	461	468	—
Agricultural imports	Million dollars	3,977	[3] 4,454	369	387	439	—
Land Values:							
Average value per acre	1957-59=100	—	[4] 166	[4] 160	—	—	—
Total value of farm real estate	Billion dollars	—	[4] 188.9	[4] 182.0	—	—	—
Gross National Product: [2]	Billion dollars	457.4	789.7	—	851.6	—	—
Consumption [2]	Billion dollars	294.2	492.2	—	527.6	—	—
Investment [2]	Billion dollars	68.0	114.3	—	127.4	—	—
Government expenditures [2]	Billion dollars	92.4	178.4	—	195.6	—	—
Net exports [2]	Billion dollars	2.7	4.8	—	.9	—	—
Income and Spending: [6]							
Personal income, annual rate	Billion dollars	365.3	628.8	634.2	683.7	689.2	694.3
Total retail sales, monthly rate	Million dollars	17,098	26,125	26,422	28,296	29,075	29,163
Retail sales of food group, monthly rate	Million dollars	4,160	6,011	6,019	6,418	6,508	—
Employment and Wages: [6]							
Total civilian employment	Millions	63.9	74.4	74.7	76.0	76.0	75.9
Agricultural	Millions	5.7	3.8	4.0	3.9	3.8	3.7
Rate of unemployment	Percent	5.8	3.8	3.8	3.8	3.7	3.5
Workweek in manufacturing	Hours	39.8	40.6	40.6	40.9	40.9	40.8
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.83	2.82	3.00	3.00	2.99
Industrial Production: [6]	1957-59=100	—	158	158	165	166	164
Manufacturers' Shipments and Inventories: [6]							
Total shipments, monthly rate	Million dollars	28,745	44,745	45,148	49,803	51,002	—
Total inventories, book value end of month	Million dollars	51,549	82,425	81,033	84,618	84,913	—
Total new orders, monthly rate	Million dollars	28,365	44,999	45,322	49,063	49,636	—

[1] Average annual quantities of farm food products purchased by urban wage-earner and clerical worker households (including those of single workers living alone) in 1969-61—estimated monthly. [2] Annual rates seasonally adjusted third quarter. [3] Preliminary. [4] As of November 1, 1967. [5] As of March 1, 1968. [6] Seasonally adjusted. [7] Annual and quarterly data are on 50-State basis; monthly data are on 48-State basis.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Industrial Reports, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

UNITED STATES GOVERNMENT PRINTING OFFICE
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OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
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Hot Item

Joe's hotdog stand is doing business as usual—with plenty of mustard to meet strong demand.

U.S. imports of mustard seed soared to 67.0 million pounds (valued at $5.0 million) in the year ending June 30, 1968. This was an 8½-million-pound hike from the previous year's import volume of 58.5 million pounds (worth $3.8 million).

How come this sudden rise? Even though yearly per person use is five times what it was in the early 1920's, it's been steady at about a half pound per person since 1965.

But our homegrown harvest of mustard seed has been getting smaller. Montana — only major producing State—has had a poor crop the past few years. In 1967 it wasn't even half of normal.

When mustard seed years are bad in Montana, we can usually get a big part of our needs from Canadian growers in Saskatchewan. But even Canada's crop was poor last year. So we had to turn to Denmark for large quantities. With such a mix of difficulties, the price shoots up, of course.

However, trade sources say that the 1968 Montana harvest now looks good and imports should slacken next year. In any case, the import duty won't be as stiff. Among U.S. concessions at 1967 Kennedy Round negotiations was a duty reduction on whole mustard seed (both black and white) from 0.875 cents per pound to 0.43 cents; on ground or prepared mustard, from 3.4 cents to 2 cents. *(23)*

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EDITOR, Audrey Ames Cook; ASSISTANT EDITOR, Geraldine Schumacher; STAFF EDITORS, Tracy G. Zacharias, Stan Baer, Edward C. Dever.